



# State of Arizona Accounting Manual

Topic 50 Travel  
Section 10 Travel by Way of Common Carrier

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## INTRODUCTION

Common carriers are those conveyances offering their services on a regular basis at published rates to all persons for interstate or intercity transportation. Common carriers include airplanes, trains, inter-city buses and the like. The term common carrier does not extend to services involving local transit, such as subways, light rail systems, intra-city buses, ride-sharing services, taxicabs, etc.

Since the most frequently used common carriers are airplanes, examples and terminology related to the airline industry may frequently be used below. However, the policies set forth below apply to all common carriers, which is to say, those means of transporting many, unrelated travelers between, rather than within, metropolitan areas, such as trains (other than light rail) and buses (other than municipal).

## POLICIES

1. An employee who is a passenger on a common carrier:
  - 1.1. Is in pay status when traveling during his regularly scheduled work hours, whether or not the travel takes place on a workday.

Example 1: An employee is traveling by plane on Sunday to an out-of-town conference that begins on Monday. His normal Monday-through-Friday work schedule is from 8:00 a.m. to 5:00 p.m. with an hour lunch break between 12:30 p.m. and 1:30 p.m. His plane departs at noon local time and arrives at 6:00 p.m. at the place of departure (9:00 p.m. at his destination). Though it is Sunday and he is a passenger, he is in pay status between noon and 12:30 p.m. and between 1:30 p.m. and 5:00 p.m. as measured from the point of departure; he is not in pay status during what is his normal lunch hour break. He is, therefore, in pay status for a total of four (4) hours on Sunday. Though he is still traveling at 6:00 p.m., he is no longer in pay status, since this time is beyond his normally scheduled work hours. Note that he has passed through several time zones during his travel, but the time is measured using the point of departure.

Example 2: The employee in Example 1 returns home on Wednesday. His flight leaves at 3:00 p.m. local time at the place of departure; he arrives back at what is 9:00 p.m. at the point of departure, but only 6:00 p.m. at his destination. His workday consists of eight (8) hours in pay status: from 8:00 a.m. until 5:00 p.m. (again, measured at the point of departure).

Consequences of Examples 1 and 2: If the employee is paid hourly, i.e., FLSA non-exempt, then he has worked four (4) hours on Sunday and eight (8) hours on Wednesday. He was also in pay status for both Monday and Tuesday, while at the conference, for eight (8) hours each day. So, by the time of his return Wednesday night, he has already worked a total of twenty-eight (28) hours. If

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he works eight (8) hours on both Thursday and Friday, he will have worked forty-four (44) hours for the week; four (4) hours of which would qualify for the time-and-one-half overtime premium.

Given the above, it might be economically advisable, and is legal, for the traveler's employing agency to reduce the employee's schedule by a total of four (4) hours between Thursday and Friday, distributed at the employer's convenience, to avoid having to pay an overtime premium. If the employee is salaried, i.e., FLSA exempt, no additional hours in pay status and no overtime premiums accrue to the traveler. When weekend travel is involved, it might, when possible, be economically preferable to assign FLSA exempt personnel the duty.

If an employee would, because of an extended schedule, qualify for an overtime premium, he must notify his employing agency of that possibility. The agency, to avoid incurring a liability for overtime, may, before the employee's trip, adjust the traveler's schedule. This notification must be communicated to the employee's supervisor sufficiently early to allow the supervisor to adjust the employee's schedule or approve an overtime premium. An employee should not accrue an overtime premium that has not been pre-approved by his supervisor.

Additional information relating to travel time and compensation can be found in SAAM 5060.

- 1.2. Is in pay status whenever working. Working includes such activities as preparing reports or spreadsheets, generating correspondence, acting as the driver for other employees, etc.
- 1.3. Is not in pay status when traveling during times outside of his regularly scheduled work hours or when taking his meals, if he is not working.
- 1.4. Generally, if practicable, should be assigned work whenever he is or will be in pay status, even if he is not exempt from the overtime provisions of FLSA and even when he is only a passenger.
2. The hours when an employee who is not exempt from the overtime provisions of FLSA is in pay status, such hours count as working hours. When such hours accumulate while traveling, they may result in the employee being owed an overtime premium for working more than forty (40) hours in a workweek. Management can, before the trip commences, adjust the employee's workweek so as avoid having to pay the overtime premium.

Example: An employee, who lives and works in Phoenix and who is not exempt from the FLSA overtime premium, is sent to attend a conference in New York City. The employee's normal work hours are Monday through Friday, 8 a.m. until 5 p.m., with an hour for lunch hour between noon and 1 p.m. The conference runs from Monday morning through early Wednesday afternoon. To attend the conference, he must depart Phoenix on Sunday. His flight leaves at 2 p.m. and arrives in New York at 7 p.m., Phoenix time. He is in pay status between 2 p.m. and 5 p.m., but not in pay status, unless he is working, between 5 p.m. and 7 p.m. He should be assigned to work while he is in pay status, but not otherwise. He has worked for 3 hours on Sunday.

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On Wednesday, he departs New York at 1 p.m. New York time and arrives back in Phoenix 5 hours later. He was in pay status when at the conference and continues to be pay status until 5 p.m. New York time. Since he is in pay status, he should be assigned work, if practicable, while he is in pay status. He should not be allowed to work when not in pay status.

Before departing, he must be advised that his workweek will be shortened by 3 hours when he returns to Phoenix, i.e., his workday will end at 2 p.m. on Friday, rather than 5 p.m., so that his work hours do not exceed 40 hours for the workweek.

Notice that, given the change in time zones, hours are computed using the point of departure.

Since no overtime premium applies, hours worked do not affect those who are exempt from the FLSA overtime premium.

Non-exempt employees are often referred to as hourly employees.

3. Except as otherwise specifically allowed, the following expenses are not to be reimbursed:
  - 3.1. Upgraded (e.g., from economy to business or first class) common carrier fares.
  - 3.2. Priority boarding charges.
  - 3.3. Common carrier fares related to personal travel.
  - 3.4. Common carrier fares related to commuting.
  - 3.5. Cancellation fees and penalties incurred for personal reasons.
  - 3.6. Charges related to baggage, whether checked in or carried on, containing personal effects in excess of the following:
    - 3.6.1. One (1) piece of luggage for trips of three (3) or fewer days.
    - 3.6.2. Two (2) pieces of luggage for trips of more than three (3) days.
  - 3.7. Charges related to overweight baggage containing personal effects.
  - 3.8. Charges related to seat selection (e.g., window or aisle, row or section).
4. "Flight insurance" may or may not be reimbursed, depending upon what is meant by the term.
  - 4.1. Flight insurance that is in fact traveler life insurance is not to be paid or reimbursed to a traveler by the State.

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- 4.2. Agencies may pay or reimburse, if approved in advance by agency management and done so for the convenience of the State rather than that of the traveler, a reasonable premium related to the purchase of flexible flight indemnification, which is also at times called flight insurance in the airline industry.
  - 4.2.1. Flexible flight indemnification allows a traveler to make changes to the date and time of one's flight before its departure.
  - 4.2.2. A reasonable cost of such a premium, which generally is reflected by an increase in the ticket price rather than as a separate charge, is no more than fifteen percent (15%) of the price of the airfare without such a premium.
  - 4.2.3. Agency management shall allow the payment of a flexible flight premium only when booking far in advance and it is in the interest of the agency, not necessarily in the interest of the traveler, to do so.
  - 4.2.4. Instead of flight insurance, if there is considerable doubt about the scheduling of a traveler's departure and return, it may be advisable to purchase separate departure and return tickets rather than purchasing a round-trip ticket. The cost of changing or cancelling one ticket may be less expensive than changing or paying insurance on a round-trip ticket.
5. Receipts are required for the employee to be reimbursed for common carrier fares and related baggage charges.
6. When practicable, common carrier fares should be prepaid using the agency's central travel account (CTA).
  - 6.1. All travel should be conducted using the least expensive reasonable alternative. In the case of common carriers, this means that, for conducting the business of the State, economy fares can be reimbursed; first class or its equivalent shall not be reimbursed except as otherwise provided and properly approved. All such determinations and approvals must be properly documented and retained for audit and inspection.
    - 6.1.1. Travelers and those booking travel arrangements need to investigate all the costs that may apply to common carrier, particularly airline fares. Some airlines that publish very low fares often make up for this advertised economy by adding any number of additional charges and fees, such a fee for carry-on luggage, etc. All costs should be considered when determining the most economical for the State. Travelers and those booking travel arrangements need to be cautious as some of these ancillary costs might not be reimbursable.
  - 6.2. A traveler may upgrade to a higher class of travel—or make other arrangements, such as a seat selection, for which there is a charge—at his own expense.

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- 6.3. Should a traveler decide to upgrade to a higher class of travel at his own expense, he must prepay the entire common carrier fare and then, at the conclusion of the trip, be reimbursed for travel at what would have been the economy fare.
- 6.4. A traveler may be reimbursed by the State when upgrading to a higher class of travel when:
  - 6.4.1. Suffering from some condition recognized by the ADA that requires such an upgrade.
  - 6.4.2. Obesity requires either an upgrade to a higher class or the purchase of two (2) lower class fares, in which case the less expensive of the alternatives is to be chosen.
- 6.5. A common carrier fare paid by an employee using his own payment card or other means of personal payment (e.g., his personal credit card, his personal debit card, or his Employee Travel Card) will not be reimbursed until the trip has been completed.
7. All travel conducted by common carrier should be approved in advance by agency management.
8. The travel times, means and methods of travel selected should always be those most convenient, economical, effective and efficient for the State.
9. Payments for common carrier travel shall be based upon the actual cost incurred, not the amount that would have been reimbursed had the traveler used a privately-owned vehicle.
10. When funding for travel is provided by a Federal grant, the traveler must use a U.S. carrier, except when:
  - 10.1. The use of a U.S. carrier would extend travel time (including delay at origin) by twenty-four (24) or more hours.
  - 10.2. U.S. carriers do not offer non-stop or direct service between the origin and destination.
  - 10.3. The costs of travel are fully reimbursed by certain third parties such as foreign governments or international organizations.
11. Costs incurred when traveling to and from common carrier terminals (i.e., airports, train stations and bus stations) using the most reasonable, customary and economical means are reimbursable.
  - 11.1. One of the following in each direction will be reimbursed:

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- 11.1.1. Use of a privately-owned vehicle (driven by the traveler) and terminal parking (see SAAM 5095), or
- 11.1.2. Two (2) round trips using a POV between the traveler's home or duty station and a common carrier, or
- 11.1.3. Fares for one (1) round-trip (which is to say one trip to the terminal and one trip back to one's home or duty post) between one's home (or duty post) and a common carrier terminal for a:
  - 11.1.3.1. Taxicab, or
  - 11.1.3.2. Limousine, or
  - 11.1.3.3. Rideshare, or
  - 11.1.3.4. Shuttle.
- 11.2. A traveler may be reimbursed for two (2) round trips between one's home and a common carrier terminal when the traveler is dropped off and picked up by a family member, friend, acquaintance, etc. The reimbursement will be made directly to the traveler and any settlement between the traveler and his friend or acquaintance is to be made by the traveler.
- 11.3. The two trips do not have to be made using the same mode of transportation. For example, the trip to the terminal can be made using a privately owned vehicle of a family member or friend, while the trip back from the terminal could be made using a taxicab.
- 11.4. If multiple travelers use the same conveyance, e.g., they ride together in the same taxicab, only one fare, which generally means only one traveler, the one who paid the fare, can be reimbursed. In cases when the fare has been split, each payer may be reimbursed for his share of the fare. One cannot be reimbursed for things for which he has not paid.
12. Reimbursement for terminal parking is limited to the lowest available daily rate for uncovered, long-term parking at a lot providing shuttle service to and from the terminal. The reimbursement amount is not to exceed any rate then in effect that may be prescribed by SAAM for a given location (See SAAM 5095).
13. A train or a bus may be used instead of an airplane when:
  - 13.1. It is convenient and economical to do so and additional travel time while in pay status does not result, or
  - 13.2. Under other circumstances, which are properly documented, may require it.

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14. A traveler may use a POV for personal reasons even though travel by common carrier would be the most economical and efficient. In such cases, the cost of meals, lodging, parking, mileage, tolls, taxis and ferries incurred to and from the destination may be reimbursed. However, such reimbursements shall not exceed the cost of airfare, based on the lower of the regular economy fare available for the location of travel from a standard commercial air carrier, plus transportation costs to and from the airport terminals.
  - 14.1. Unauthorized persons are not to drive or be transported as passengers in vehicles used for State business. (See SAAM 5015 for those individuals authorized to operate or be transported in a vehicle driven for State business.) Transporting unauthorized personnel in a vehicle operated for State business will disqualify a traveler with respect to mileage and other reimbursements (such as rental fees, fuel, etc.).
15. When Federal funding is used to pay for air travel, the rules of the Fly America Act (<https://www.gpo.gov/fdsys/browse/collectionUScode.action?collectionCode=USCODE>) apply. In general, only U.S. carriers must be used unless:
  - 15.1. The use of a non-U.S. carrier would extend travel time (including any delay at the point of origin), by twenty-four (24) or more hours, or
  - 15.2. U.S. carriers do not offer non-stop or direct service between the point of origin and the destination apply (some additional complex rules apply; see the Fly America Act as part of the U.S. Code at the website listed above), or
  - 15.3. The cost of the airfare is fully reimbursed by certain third parties, such as foreign governments or international agencies.